

**Undergraduate and Graduate Level
Economics / Business Administration
and
Public Administration
Assessment in Azerbaijan**

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I. Executive Summary

The USAID/Baku mission contracted with The Knight Group to conduct an assessment of the state of academic programs in business administration and economics, and the state of public administration programs in Azerbaijan. Dr. Dennis McConnell commenced assessment activities on February 7, 2005, and completed site visits on February 26, 2005.

The primary purpose of the assessment was to identify deficiencies observed in academic programs teaching students the typical range of business knowledge and skills found in western academic institutions. The specific tasks of the assessment were to:

1. Describe and assess the current state of undergraduate and graduate business administration education in Baku and in regional cities;
2. List deficient areas that could use technical assistance and interventions that could have impacts on the near- and long-terms;
3. Identify resources needed, and the nature of optional technical assistance methodologies in priority ranking;
4. Identify where corruption takes place and provide recommended programs/activities to combat corrupt practices;
5. Identify, to the extent possible, linkages between assessment findings and existing or planned USAID Caucasus-Azerbaijan Activities.

A secondary purpose of was to describe the extent and effectiveness of public administration programs, and the deficiencies of identified programs. The specific tasks of this component of the assessment were to:

1. Describe and assess the current state of public administration programs in Baku and regional cities;
2. Depending the complexity and extent of the identified public administration programs, respond to the most appropriate of the two requirements noted below:
 - a. How should the Mission carry out a further assessment of public administration for long-term activity design?
 - b. What short-term interventions might be implemented for immediate impact? Include in the suggested interventions roughed-out concepts that would scale-up after 1-2 years.

To collect information and documents during the three week assessment period, Dr. McConnell met with representatives of the USAID mission and interviewed senior representatives of academic institutions in Baku, Lankaran, and Ganja, directors of non-academic training centers in Baku, representatives of the World Bank, the Ministry of Education, the Anti-Monopoly Committee, the Center for Economic Reform, staff members at USAID partner organizations, and representatives of foreign companies operating in Azerbaijan.

The three major conclusions regarding academic programs in business administration:

1. A severe lack of instructional material makes it impossible for business/economics programs to develop relevant, comprehensive education programs in Azerbaijan;

Recommendations:

- a. Acquire needed instructional materials from international book-donation organizations
- b. Translate educational materials from English to Azeri; publish and distribute the materials to cooperating business administration programs in Azerbaijan.

2. Academic isolation of Azeri business/economics faculty ensures that they will remain relatively ineffective in delivering relevant and up-to-date course material.

Recommendations:

- a. Support a range of program options to facilitate integration with the world.
- b. Organize and support a conference in Baku to launch the support programs.

3. Corruption exists in higher education, but direct confrontation of the phenomenon intrudes on the achievement of more important objectives.

Recommendation:

- a. Use influence and incentives to create an ethical behavior framework toward which university participants will be encouraged to move.
- b. Provide incentives and competitive pressures to increase transparency of the reward structure in higher education.

The two major conclusions regarding academic programs in public administration:

1. Information about public administration programs is not sufficient to develop a program of assistance.

Recommendation: Rely on public administration academics or practitioners to increase understanding of public administration education in Azerbaijan.

2. Corruption continues to be generally acknowledged in public administration education and practice.

Recommendation: Engage in corrective action in cooperation with national and international organizations with interest and expertise in corruption reduction and/or elimination.

The report emphasizes programs in Business Administration and Public Administration. The programs visited at universities during the assessment could rarely be defined as a Business Administration program or an Economics program. The purest form of a business administration program was observed at Khazar University, which had benefited from funded cooperation with western business schools. Other schools visited were in the process of converting various economics courses into some semblance of a business program. The focus on business programs, rather than quasi business programs permits the presentation of prescriptions that will most benefit programs that are currently legitimate business programs, or are exhibiting a serious intent to create a program in business administration.

The report includes several appendices designed to offer information and guidance for the implementation of technical assistance activities designed to improve programs in Business Administration and Public Administration.

II. Business Administration

The Statement of Work presents several questions to be addressed in the assessment of business administration and economics programs. The assessment tasks are presented in the “Activity Description” section of the SOW (Appendix 1, p. 2) and provide a framework for findings and recommendations.

Questions to be addressed:

- Describe the current state of undergraduate and graduate business administration system in Baku and the regional cities.
- Assess the current state of undergraduate and graduate business administration system in Baku and the regional cities.
- List deficient areas that could use technical assistance and interventions that could have impacts in the near and long terms.
- Identify resources needed, and nature of optional technical assistance methodologies in priority ranking. (Include specific Azeri institutions in the recommendations).
- Identify where corruption takes place and provide recommended programs/activities to combat corrupt practices.
- To the extent possible, identify linkages of assessment recommendations to existing or planned USAID Caucasus-Azerbaijan activities.

A. Describe the current state of undergraduate and graduate business administration education

1. Structure

There are 46 institutions of higher education in Azerbaijan. Sixteen of the institutions provide business/economics education. Of the 16 institutions providing business or economics education, 5 are public institutions and 11 are private institutions. Useful outlines of the structure of education in Azerbaijan are provided by Rasulova (Appendix 3-3) and by the International Association of Universities (Appendix 3-4).

2. Regulation

Regulation of higher education (and thus business/economics education) is governed by First Law of Azerbaijan Republic on Education, promulgated in 1992. The law is still in force, and is available in English.

3. Some features of the Law

Admission to undergraduate programs in all (public and private) universities is administered by the State Commission for Student Admission (See Appendix 7-5). The Commission holds a nation-wide university admission test once a year and allocates students to universities (both public and private). Individual universities cannot separately admit undergraduate students. However, the universities can separately admit students to graduate degree studies and international (foreign) students to all (graduate and undergraduate) degree programs.

Administration of the higher education system is centralized. The Ministry of Education (MOE) approves all undergraduate and graduate degree programs and curricula. Diplomas of all (public and private) universities are issued by the Ministry. No university has the right to issue its own diploma. The Ministry also approves the specializations that can be taught at a university.

In 1997, relevant parliamentary commissions began discussions drafts of a new law to replace the 1992 law. But as of the date of this report, nothing has emerged from the discussion process. The parliament has recently renewed discussions about amending or replacing the 1992 law.

In general, the Ministry bears responsibility for the administration of both public and private higher education institutions. However, some issues/responsibilities are governed by SCSA and the Cabinet of Ministers. The structure of the Ministry does not include an office or individual responsible for education in business administration.

The rules/laws of higher education limit the ability of business administration programs to develop courses and/or programs that are considered important by university officials. By law, academic programs and curricula must be approved by Ministry of Education. Universities may negotiate these matters with MoE officials, but any change must be approved by MoE.

The rules/laws of higher education are the same for private and public institutions. Some flexibility is allowed in the structure of business courses that can be offered by a university. Differences are permitted so that institutions can offer innovative courses. For example, at Khazar University, the study of economics and business administration is designed in the American style. Programs at other universities are usually organized in a form that has remained unchanged for many years. But all university programs in business administration must be approved by MoE. However, rarely does the MOE make approval of course/curricula difficult.

B. Assess the current state of undergraduate and graduate business education

1. General Assessment of the Azerbaijan Education System

A useful introduction to the general circumstances of higher education in Azerbaijan is provided in the study conducted for USAID by Golladay (Appendix 3-1, p. 5). The observations seem appropriate, as well, for higher education in business administration and economics. A summary of the points especially pertinent to this assessment:

1. The education system is not yet (November 2004) producing the skills required by a thriving market economy or stable democracy.
2. Education and training are the principal tools for meeting these needs for high quality human resources.
3. The Azeri education system at present does not effectively address these needs.
4. Azerbaijan's schools should be reformed to provide students with
 - a. a broad knowledge of the physical world and human institutions;
 - b. solid foundation skills including communications, computation, and rigorous evaluation of information;
 - c. metacognitive skills (knowing-how-to-learn, or executive thinking skills);

2. Assessment by managers of business/economics programs

During several interviews, Deans and Rectors were asked if they conducted periodic assessments of their programs. Programs in business/economics are reviewed only when initially approved by the Ministry of Education. Some institutions conduct periodic reviews of their performance, but there are significant differences across institutions. The most detailed

information on this topic was provided by Kazhar University, which conducts assessments in the framework of international cooperation programs.

For example, one cooperation program was with Georgia State University (GSU), which participated in the establishment of the Khazar MBA program. A team from GSU traveled to Khazar, performed an assessment of institutional/faculty abilities, trained Khazar faculty at Georgia State, participated in curriculum development, and taught at Khazar University. Currently, Khazar has a three-year partnership program with Southern Connecticut State University (SCSU). As was the case in the GSU partnership, the current partnership supports visitors from SCSU who are conducting reviews and assessments, and are assisting in the redesign of Khazar University business and economics courses.

An effective accreditation system does not exist in Azerbaijan. All higher education institutions and program must initially be accredited by the MoE. The concept of accreditation is known, but no independent organization in Azerbaijan administers an accreditation program. At the date of this report no business/economics program has earned accredited status with an international accrediting organization.

3. Assessment by employers

The few comments garnered regarding the quality of graduates of academic business programs were not favorable. For example, the Director of the Center of Economic Reforms remarked that the CER hires graduates of four-year business/economics programs, and then invests three years of additional training to ensure that the new hires can perform the duties assigned by the CER. This may be something of an overstatement, but the essence of the statement is illustrative.

Another assessment, after a fashion, was provided by Deputy Director of the Azerbaijan Bank Training Center (ABTC). For some time the ABTC has provided training courses for bank employees, primarily Baku-based bankers. Increasingly the Center is offering more general management courses. The Deputy Director noted that many of the professionals enrolled in the training programs are doing the course work on their own “free” time, and paying substantial fees for the courses from their personal accounts. There may be other factors at work, but it seems sensible to suggest that the apparent need for post-graduation business/economics training may reflect some inadequacies in the academic business/economics programs.

4. Assessments and Education Policy Prescriptions

The policy prescriptions that flow from the overviews and assessments above are summarized nicely by Golladay (Appendix 3-2, p. 2)

- Azerbaijan must radically improve its education system if it is to produce a labor force with the skills required for rapid economic development and a citizenry with the capacity to thrive under liberal democracy.
- **The challenge to the education system of Azerbaijan is to modify the content of its curriculum and to reform its teaching methods** in order to create a workforce and citizenry that recognizes and pursues emerging economic opportunities and deals effectively with cultural diversity.

The challenge issued by Golladay is sensible, and consistent with the assessment findings during interviews with faculty and administrators in Azeri business schools and economic programs. However, absent modern teaching materials and access to modern teaching methods, it is unlikely that the challenges will be met.

Assessments and observations of those reviewing the higher education system of Azerbaijan tend to be discouraged about its current status and future prospects. However, some positive

features should be noted. During the visits to universities and other institutions, one could not help but be impressed with the potential of the physical facilities of many of the universities. Though a bit seedy at the moment, one can see reasons for pride in the history of the institutions. As well, given the many negatives of the education system, the system continues to be populated with (1) many very bright, well-trained academics in selected technical disciplines which can be merged with business administration subjects and (2) students who can be expected to flourish when the institutions receive the support their energies deserve.

C. List deficient areas that could use technical assistance and interventions

During meetings with faculty and administrators, information was collected about perceived critical deficiencies and the consequent forms of assistance that could have both near-term and long-term impacts. In most cases, meeting participants did not make a distinction was made in terms of the two horizons.

Although the details of identified deficiencies varied somewhat across institutions, the areas of deficiency were expressed with near unanimity. Except for a call for financial funding, faculty and administrators were not particularly creative in suggesting how deficiencies could be corrected.

Areas of identified deficiencies were:

1. Instructional materials, including books, journals and CDs for faculty and students
2. Faculty training and curriculum development
3. Information technology, to include computers, printers, software, internet links, and computer-based learning systems

The most significant deficiency in Azerbaijan business programs is the lack, or even absence, of teaching materials. As noted in the Scope of Work:

“Training the younger generation of entrepreneurs, economic and public officials is critical if Azerbaijan is to transition to a democratically-governed market economy.”

Given the (virtual) absence of teaching materials, asking business faculty members to provide an education consistent with the requirements of a market-based economy is asking the impossible. The most important tasks are to put:

1. educational materials in the hands of students; and
2. curricula development materials, based on the new educational materials, in the hands of faculty.

A substantial response to the first requirement will, to a great extent, provide a substantial response to the second requirement. That is, most books and teaching material found in western institutions include curricula guidelines for teachers.

D. Identify resources needed, and nature of optional technical assistance methodologies in priority ranking.

The availability of teaching materials was discussed during meetings with the universities visited. As well, library facilities and collections were reviewed, and the ease or difficulty of student/faculty access to educational materials was discussed in some detail. The absence of appropriate instructional materials for faculty and students limits the ability of business administration programs to provide an education appropriate for the emerging market-based economy. In fact, in

most higher education business administration programs, the situation is absolutely unacceptable.

Private universities, especially Kazhar University, have an adequate library collection and access to teaching materials. This advantage is attributable to a series of funded collaborative programs with western universities. Other universities, such as Lankaran State University, have virtually no modern business administration course material. Given the small sample of universities visited, it cannot be conclusively stated that most are in dire need of materials. However, having visited several major state universities in Baku, all of which identified lack of material as the most pressing need, one can assume with some confidence that there is a real need, and an opportunity to make a significant difference by supplying learning and teaching materials.

The primary immediate need is to increase the availability textbooks, with supplemental teaching materials for faculty. Teaching and learning materials can be obtained by accepting books donated by international organizations that specialize in this mission. Alternatively, the necessary materials can be translated (English and Azeri) and published in Baku, and distributed to academic business programs throughout Azerbaijan. Translation programs have not been implemented in any NIS transition countries or regions. A program limited to Azerbaijan may be successful. If publication is selected as a viable option, an implementation team, working with Azeri colleagues, must carefully consider all technical and political aspects of the program before proceeding.

The negative educational consequences attributable to the absence of teaching materials are compounded by the sense of academic isolation expressed during meetings with faculty and administrators. The isolation of faculty in Azeri business programs limits the ability of the faculty to teach at a level required by the new economy. Improvements in teaching and course structure/content must be accompanied by increased interaction of Azeri faculty with international peers and colleagues. It is unlikely that access to new material will suffice to create a renewed vigor and enthusiasm for the new topics important to the development of a market economy.

Recommendation: Seek to acquire a significant collection of education material from the numerous international book-donation organizations.

Develop an inventory of books to be acquired. Create an outline of demand in terms of subjects, academic level, and quantity.

Identify and contact international book-donation organizations to determine the availability of the required books, and to determine if the book program in Azerbaijan qualifies for assistance.

- The primary book-donation program in the United States is managed by the Sabre Foundation (See Appendix 11-1). The Foundation has many years of experience, excelling at both the collection of books from publishers, and developing a distribution system for books. A major advantage of the program is that it can often provide multiple copies of books – a useful feature for classroom use.
- Review, analyze and contact other book-donation organizations listed on the Sabre Foundation website (See Appendix 11-2).

Review existing USAID book-donation activities. For example, USAID currently manages the Higher Education and Development (HEAD) program which has recently provided books to Iraqi universities (See Appendix 11-4).

Review privately-managed book donation programs such as the “Books for Baghdad” (See Appendix 11-5) project initiated at Jacksonville State University (Alabama).

Recommendation: Institutionalize the process of translating business educational material from English to Azeri, and develop a mechanism to distribute the materials to business administration programs.

At the outset, the process should identify a finite, and explicit, set of books to be translated, based on anticipated curricula in business schools and/or departments. The candidate texts in business will be, at a minimum, in the disciplines of Accounting, Finance, Human Resources, Management Information Systems, Management, Marketing, and Human Resources.

Identify the organization to be responsible for the production process. If the option exists, the organization responsible for the process should be independent of existing academic institutions in Baku. Preliminarily, the Center of Economic Reforms (See Appendix 11-3) may be a candidate, given its current activities and an apparent appreciation for scholarly activity. If an existing academic institution is selected, Khazar University may be the most appropriate university in Baku. The university has a reputation for honesty, and has energetically embraced the new business programs.

The program should translate from English to Azeri. It should be noted that there is not a great interest in translating from English to Russian. Increasingly, students are learning English. Interest in learning/maintaining Russian as a second language has declined substantially.

Incentives will be necessary to encourage translation activities, given the relatively small market for business texts in Azerbaijan. The organization that houses the translation process should budget for some form of writing fellowships in each of the disciplines covered by the program.

Recommendation: Develop a program that will expedite the integration of Azerbaijan business administration faculty programs with regional and international programs.

Academic isolation can be mitigated, if not eliminated, by funding several integrating options:

1. Fund a program to provide internet linkages between academic institutions in Azerbaijan and the world. As well, provide access to individual faculty, so that they can communicate directly with international peers and colleagues. In most cases, existing internet links are available (typically) only the office of the Rector, which can have an inhibiting effect on communication exchanges.
2. Fund memberships for Azeri institutions in international academic organizations (e.g. AACSB) to provide efficient access to curricula development, international assessment and accreditation standards.
3. Fund long-term university partnerships in the form of joint degree programs. The judgment of Rectors whose institutions have benefited from a funded partnership with American (or other) universities is that the significant range of problems can be effectively addressed in cooperation with a partner institution.
4. Fund long-term visits (e.g. 1 year) by American faculty/administrators to Azeri institutions. Most American professors have extensive knowledge of appropriate educational material, particularly materials that can be acquired at no cost from selected websites on the internet.

Recommendation: Organize and fund a conference for business school leaders, members of the Azerbaijan business community, representatives of NGOs, and representatives of the Ministry of Education. A meeting in September 2005 would provide a useful platform for a launch of programs supporting business administration programs.

While organizing a program of technical assistance to business administration/economics programs, it may be useful to present information to representatives of as many business schools, or aspiring business school, as possible.

The extent to which “business programs” are in fact business programs varies substantially across universities. For example, the structure and content of Business programs at Khazar University reflect their partnership activities with an American business school. The business program at Lankaran State University is not structured or staffed to educate a competent business graduate. A conference would help interested universities develop a sense of the structure and purpose of programs in business administration.

A widely-publicized and well-attended conference could also facilitate the creation of a “twinning program” - that is, develop working relationships between pairs of universities, one of which is relatively advanced in business studies, and another which has yet to outline or develop a coherent business program. This would, in concept, be a “share the wealth” approach to the technical assistance provided by USAID, and would permit the program planners to focus on a small number of (potentially) excellent business programs.

Conference topics:

- **Introduce the concept of a World Class University (Appendix 10)**

Prior to a conference, send a delegation to AACSB Conference - World Class Practices in Management Education (Appendix 10-2), scheduled for May, 2005 in Madrid.

- **Initiate an Azerbaijan Association of Business Schools (AABS)**

On matters of mutual interest, the business programs do not cooperate in an organized fashion. That is, there is no organization that might evolve into (for example) the Azerbaijan Association of Business Schools.

- **Develop a proposal to form a Department of Business Administration Education in the Ministry of Education.**

The structure of the Ministry does not include a Department solely responsible for business administration education in Azerbaijan. Consequently, there is no explicit organizational recognition in the Ministry of Education of the importance of business school graduates to the future of Azerbaijan.

- **Invite members and administrators of organizations in other transition countries that are enhancing business education in their countries.**

Include on the invitation list members of:

1. Central and East European Management Development Association (Appendix 10-9)
2. Russian Association of Business Education (Appendix 10-10)
3. Business Management Education in Ukraine (Appendix 10-11)

- **Introduce attendees to international accreditation systems administered by:**
 1. International accrediting associations (Appendix 5-1)
 2. AACSB International (Appendix 5-2, 5-3, 5-4)
 3. Regional accrediting groups in the United States (Appendix 5-5)
 4. CEEMAN (Appendix 5-6),
- **Invite representatives from the AACSB to discussion the program from the forthcoming annual meeting in San Francisco (April 2005).**
AACSB International Conference and Annual Meeting: The Next Horizon: Mobilizing Thought Leadership
- **Invite potential academic partners from Armenia and Georgia (See Appendix 10-12). At a minimum, from:**
 1. Armenia: American University of Armenia, State Engineering University of Armenia, Yerevan State University
 2. Georgia: Caucasus School of Business, Georgian Technical University, International Black Sea University, Tbilisi State University
- **Introduce attendees to Academic Business Associations (10-3) and Higher Education Research Associations (10-4)**
- **Introduce attendees to the Bologna Process (Appendix 10-6, 10-7, 10-8)**
- **Review available assistance strategies employing electronic transfer of knowledge and information.**

Deficiencies in business/economics education in the CEE/NIS states have been addressed by USAID and others since 1990. In the United States, assistance has been funded primarily by USAID, and delivered by universities. The catalog of needs has remained approximately the same over that period, with only the name of the country changing. Delivery of assistance has remained essentially the same over the period – exchange of teaching materials and faculty. Most of the movement has been in the direction of transition states seeking to upgrade their education systems.

The exchanges are primarily, at the core, exchanges of information. But the information tends to be delivered in person (visiting faculty) and/or in paper form (books, manuals, etc). Significant advances in information technology have occurred during the past 15 years. In the current year (2005) it seems that efforts to transform education have not utilized information technology to the extent possible.

Consider a specific example. In the field of Business Finance, a common business school course, there is a tremendous inventory of hard-copy materials. Collecting books, shipping books, and introducing books into courses in (say) Azerbaijan are expensive activities - and relatively ineffective in introducing Business Finance in Azeri business schools. As an alternative, one might consider the availability of magnificent Business Finance websites on the internet. For example, the website (http://web.utk.edu/~jwachowi/wacho_world.html), created and maintained by Professor John Wachowicz at the University of Tennessee, is practically a self-contained Finance course.

A useful exercise then – organize a roundtable or conference of business-school academics who have either created discipline-based websites, or used said websites effectively in their courses.

E. Identify where corruption takes place and provide recommended programs/activities to combat corrupt practices.

USAID has signaled a significant interest in eliminating, or at least reducing, the consequences of corruption. Few success stories are known to the assessment team. However, what it known is that such a policy can generate responses which may intrude on other programs of greater importance.

Discussions regarding corruption were limited to meetings with directors of non-academic institutions. There is general agreement, based on limited information, that no corruption exists at Khazar University and Western University. Both institutions have relative high tuition fees. It has been suggested that students, in paying tuition, were paying for their education in advance, rather than “on the installment plan” by paying bribes while enrolled in a university.

It is not clear that the concept of corruption in the American university environment has any parallel to the concept of corruption in (higher) education often discussed in developing/transition countries. In the United States, for example, most discussions of ethical lapses (or “ethical deficits”) refer to personal behavior related to academic research. Robert Hauptman has summarized categories of dishonest behavior in American university environments. (See Appendix 7-4). In developing and transition countries, activities generally defined as corrupt are more complex. The articles by Chapman (Appendix 6-1) and by Rumyantseva (Appendix 6-2) provide comprehensive discussions of corruption in universities.

A seemingly endless number of articles have been written about corruption in higher education in transition countries. Appendix 6 presents representative discussion about corruption in Central Asia, Georgia, Kazakhstan, Kyrgyzstan, and Ukraine. A certain sameness is noted across geographic boundaries. The problems are quite similar, no matter the location - and there is very little, if any, evidence that solutions have presented themselves. In Azerbaijan, the State Student Admission Commission (SSAC) has been identified as an answer to corruption of university “gate keepers.” Similar programs have been developed in Kyrgyzstan.

Based on a quick review of corruption in higher education and elsewhere in the NIS, it seems unlikely that anti-corruption programs developed by representatives from the United States can be expected to deter the kind of corruption presumed to prevail in institutions of higher education in the country or region. During two meetings with officials in Baku, annoyance was expressed, without prompting, about aggressive American efforts to “solve” the corruption problem.

A review of USAID reports and activities indicates that the Agency is committed to solving, or at least ameliorating, the corruption problem in countries with USAID Missions. With perhaps some exceptions, USAID anti-corruption programs appear to address the issue directly, placing the Agency in some confrontation with groups/organizations that may directly benefit from corrupt activities.

Recommendation: Support the establishment of a framework toward which university participants can be expected to evolve. That is, develop mechanisms in university environments that may tend to deter corruption indirectly over time.

Appendix 7 presents some aspects of academic ethics that may be helpful, though they may initially appear naïve. Essentially, the recommendation is to incorporate ethical expectations into the policy literature of universities. A useful reference document that identifies appropriate behavior of faculty is the AAUP Statement on Professional Ethics (Appendix 7-1). The Statement provides a widely-noted set of behaviors expected in academic settings. Many, if not most, American universities have incorporated the essential feature of the document into the university

policy manual. For example, the Professional Ethics Policy of Texas Women's University incorporates the concepts presented by the AAUP Statement (see Appendix 7-2).

Published material is also available to guide the ethical behavior of students (See Appendix 7-3). The significant point of the discussion: Students cheat. But they cheat less often at schools with an honor code and a peer culture that condemns dishonesty. Cheating is, of course, only one form of academic corruption practices by students. But published codes and expectations can provide an important framework for the specification of ethical behavior.

The obvious question is how statements of professional ethics and student honor policies can become embedded in the policies of a university. Some universities, when such information is provided, may opt to incorporate the statements in official university documents without prompting. Other universities may not accept the statements unless they are encouraged to do so. What forms of encouragement are available? One suggestion is to make the statements part of the university website. For example, USAID/Baku might want to consider sponsoring a website competition. A requirement of competitive websites would be the inclusion of ethical policies, and other features to be identified later. The Mission could fund the development of websites by engaging the services of web designers (Appendix 12-2) affiliated with the Internet Access and Training Program (IATP) Centers (Appendix 12-1).

As a final note on the subject, ACSB is conducting a conference on Teaching Business Ethics in July, 2005. It may be useful to sponsor a delegation of administrators and faculty from Azeri business administration programs.

F. Identify linkages between assessment findings and existing or planned USAID Caucasus-Azerbaijan Activities.

The recommendations set forth in this assessment report present a set of assistance programs and activities that will accelerate private sector growth (SO 1.3) in Azerbaijan. The enhanced business and management skills of new graduates should, in time, improve access to markets for products from Azerbaijan (IR 1.3.3) as a result of increased access and use of inputs (IR 1.3.3.1), increased sales of competitive products (IR 1.3.3.2) and, possibly, increased investment and trade opportunities (IR 1.3.3.3)

III. Public Administration

The Statement of Work presents several questions to be addressed in the assessment of public administration programs. The assessment tasks are presented in the "Activity Description" section of the SOW (Appendix 1, p. 2) and provide a framework for findings and recommendations.

A. Describe and assess the current state of public administration programs in Baku and the regional cities.

Few academic programs in Public Administration are available in Azerbaijan. The Academy of Public Administration (Appendix 9-1), a state institution, is the primary source of personnel trained for service in the various levels of government service. The School of Public Administration and Law at Western University (Appendix 9-5), a private institution, offers a Bachelor of Arts in Public Administration and a Masters of Public Administration. Lankaran State University offers a program in City and Municipal Management. Other programs may be offered, but the time constraints of the assessment visitation limited the search for such programs.

The program at the Academy of Public Administration reflects the political history of Azerbaijan. The two major faculties in the Academy are (1) Political Administration and (2) State Administration, both of which are described in the overview of the Academy included in the report (See Appendix 9-5, p. 2). The programs at Western University were established in cooperation with Indiana University, and thus reflect a structure that approximates public administration programs in the United States. Details of the program at Lankaran State University were not available at the date of this report.

The Civil Service sector in Azerbaijan provides the primary demand for graduates of Public Administration programs. Civil Service Reform is receiving significant attention (and, hopefully, funding support) from the European Union and the World Bank. Appendix 9-6 presents an outline of three EU Tacis publications focusing on Civil Service Reform. Discussions with World Bank officials in Baku indicated that it will be quite some time before reform will be observed in the Civil Service of Azerbaijan.

B. Include any information gleaned on corrupt practices and recommend methods to eliminate.

The extent of corruption practices in public administration education and practice was not identified during the assessment period. The topic was discussed briefly with the World Bank representatives engaged in the Civil Service Reform process. The information provided did not provide a basis for recommended methods to eliminate corruption.

Recommendations on how the Mission should carry out a further assessment of public administration for a long-term design.

- Develop a comprehensive inventory of academic programs in Public Administration with the assistance of appropriate academic experts. The identified Public Administration programs are neither complex nor extensive. However, there is little overlap between the structure and content of (1) assessments of business/economics programs and (2) assessments of public administration programs.

Examine the structure and content of the City Management program at Lankaran State University. The need for trained municipal officials may warrant additional support for the LSU program. Support may encourage the development of similar programs across Azerbaijan.

• Competing Recommendations

1. Delay investment in public administration education until the shape of a reformed Civil Service becomes apparent.

Aggressive involvement of USAID/Baku in public sector education and management is not recommended at this time. It is unlikely that the effort will be productive until there is some consistency between public administration and public administration education. As well, other players with significant experience (e.g. EU and the World Bank) are currently working to restructure the public sector and to eliminate corruption.

2. Expedite investment in public administration education in effort to assist in the shaping of ongoing Civil Service reforms.

Excellent sources of information are available to facilitate the modernization of public administration in Azerbaijan. Most state universities in the United States offer public administration degrees. As an example of an accredited Public Administration program, the program at the University of Maine is representative of an accredited Public Administration program (See Appendix 9-2). Accreditation standards for public

administration programs are well established. Public Administration programs in the United States are accredited by the National Association of Schools of Public Affairs and Administration (See Appendix 9-3). Important information about public administration education is widely available from professional associations, most of which are in the United States (See Appendix 9-4). Although most of the relevant models are in the United States, Azeri Public Administration programs need not be exact replicas of programs in the U.S. However, U.S. programs have a long history of providing graduates that serve the needs of public organizations. So there is much to be learned from the U.S. model.

4. Develop working relationships and joint anti-corruption programs with Azeri organizations that profess to fight corruption - The Azerbaijan Young Lawyers Union (Appendix 8-2) and the Fund of Struggle Against Corruption (Appendix 8-3). Cooperate internationally with organizations such as the Istanbul Anti-Corruption Action Plan developed by the OECD Anti-corruption Network for Transition Economies (Appendix 8-1) and Extractive Industries Transparency Initiative (Appendix 8-4).

IV. Special Cases

A. Ganja Agricultural Institute

Ganja Agricultural Institute (Azerbaijan Agricultural Institute) was among the higher education institutions identified in the SOW as a site to be visited. Ganja is the second-largest city in Azerbaijan, and is located in the agricultural region of Azerbaijan.

As might be expected, most of the Institute's curriculum is devoted to agricultural topics, ranging from agrochemistry to veterinary programs. The Institute also offers courses in Economics, Finance, and Accounting. However, these "business" programs may be more correctly identified as agribusiness courses - which does not diminish their importance. However, a case can be made for providing support to the Institute that differs dramatically from the support options available for the major institutions in Baku.

The visit to the Institute included a meeting with Vice Rector Ramiz Guliyev, and tour of the university building (very impressive architecture), including classrooms, computer facilities, and library facilities. The Institute suffers difficulties and shortages in all of the academic areas noted in the major institutions in Baku. For example, during an interview with a development official in Baku, it was noted that only about 10 percent of Institute's students attend class because modern teaching materials are not available.

However, when asked to identify the primary need(s) of the Institute, the Vice-Rector devoted most of his comments on the need for modern agricultural information systems – to assist in the production and marketing of crops and modernization of agricultural enterprise management in the region. To stress the importance of these needs to the future economic welfare of Azerbaijan, the Vice-Rector observed that a question of major importance to development officials in Azerbaijan is – What does Azerbaijan do after the oil is gone? The point was, of course, that the future well-being of Azerbaijan depends substantially on the agricultural capacity of the country - but support necessary to develop that capacity is sadly lacking at the moment.

Summary

The Ganja Agricultural Institute lacks many of the elements necessary for education in a higher education institution. However, it appears that the major recommendations offered in the case of institutions in Baku are not ones that would be most beneficial to the mission of the Institute. That is, there is some need for modern teaching materials, the most compelling need is the provide

programs and support to ensure the improvement of all stages of agricultural activities in western Azerbaijan.

Recommendations

An understanding of agricultural matters is not one of the strengths of the assessment team. However, a web search identified several possible programs that might serve as models for any assistance rendered to the Institute.

1. Develop an assistance program similar to programs managed in other transition countries. Certainly a search of prior USAID programs will identify some appropriate experiences. One that seems especially pertinent was presented in a program developed in Kosovo, and published as an assessment document in March 2004 (An Assessment of Technology Transfer and Information Networking in Kosovo). Appendix 13 presents a portion of the Scope of Work for the project (See 13-1) and the Executive Summary for the project (See 13-2). The topics examined and the solutions identified clearly address the needs expressed by Vice Rector Guliyev during the assessment visit.
2. Develop a partnership with one or more western universities noted for their excellence in agriculture. USAID is currently supporting a project entitled Agricultural Higher Education and Development (AHEAD). Appendix 13-3 summarizes program assistance provided to Iraq's agricultural education by the University of Hawaii and the American University in Beirut. The advantage of such an approach is the use of academics with substantial knowledge of agricultural education rather than education in business/economics topics.
3. Provide support to assist the development of agricultural education cooperation with agricultural institutes/academies in the region. For example, an interesting opportunity presents itself in Armenia – the Armenian Agricultural Academy (See Appendix 13-4). A review of the Armenian institution's website reflects a program that is substantially more advanced and comprehensive than the Institute in Ganja

B. Azerbaijan Business Training Center

The assessment team met with Dr. Tofiq Babayev, Director of the Business Training Center in Baku. THE BTC has branches in several cities/towns in Azerbaijan. Although the BTC cannot be considered an academic business administration program, the organization presents programs throughout Azerbaijan that deserve further analysis, and possibly support. Some programs are computer-related. However, increasingly, the BTC is offering courses designed to teach people how to be entrepreneurs – an important element in the Azerbaijan economy.

University-based business/economics programs do not teach students how to become entrepreneurs. Although it is possible to become an entrepreneur with a university education, a university graduate is more likely (in a growing economy) to engage in management activities of ongoing operations. Since the need for entrepreneurs appears to be at least as pressing as the need for managers, more information should be collected from the BTC to see if there is some USAID program in Azerbaijan that might support the activities of the BTC.